

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



MIKE COX
ATTORNEY GENERAL

P.O. Box 30755
LANSING, MICHIGAN 48909

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Testimony by Michigan Attorney General Mike Cox's Office
Nancy B. Pridgen, Assistant Attorney General
Consumer Protection Division, (517) 373-1123

Presentation to House Energy and Technology Committee/Subcommittee on Technology and
Telecommunications

Re: Consumer Protections for Telecommunication Customers in HB 5237

- With only the first wireline to the home being regulated, please ensure that the calling plan includes the largest number of calls possible. Understanding the need to balance the price with the number of calls permitted, keep in mind that the consumers who will be opting for that calling plan are the consumers most in need of your protection, because the marketplace currently is not protecting them.
- Elimination of § 208 is commendable, as it forces telecommunications providers to come to the Michigan Legislature for any further deregulation. This type of decision belongs in the Legislature.
- Changing the definition of "end user" in § 102(h) to include "customer" may have an unintended consequence of weakening the slamming/cramming consumer protections found in Article 5. Slamming and cramming violations are dependent on the definition of "end user," so changing the definition may not be advisable.
- Raising the monetary amount at issue from \$1000 to \$25,000 for mandatory alternative dispute resolution ("ADR") in §203a may have the unintended result of forcing all conflicts between residential consumers/end-users and providers to ADR. Consider not changing this provision. Alternatively, given the disparate bargaining power between residential consumers and telecommunications providers, consider the possibility of a two-tiered ADR system that would permit but not require residential consumers with claims between \$1000 to \$25,000 to go to ADR.
- Adding § 304(8) may prove dangerous, as it provides that a bundle of services that includes an unregulated service along with the regulated wireline calling plan will not be rate regulated. Presumably, just adding Caller ID would completely remove regulatory authority over the calling plan rate. This is the exception that may swallow the rule.

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- Regarding the traditional consumer protections in §502:
 - Consider indicating the "material information" that must be disclosed, referred to in §502(1)(a), will include all applicable changes/fees, etc., so that providers cannot promise a certain price to a potential customer without disclosing all fees; this would permit consumers to compare apples to apples.
 - Consider amending §502(1)(h) to make clear that deception by omission is also not permitted.
 - Beware of proposed amendments requiring residential customers to cancel their service in accordance with their "contract" (§ 502(1)(c)). Recently there has been a disturbing number of complaints that certain telecommunications providers are targeting seniors with telemarketing calls offering a promise rate that is supposed to be lower than their current rate, not disclosing all relevant fees, charges, etc., and then roping the seniors into a one-year contract with costly cancellation provisions.